

to involve complex conspiracies to circumvent the various prohibitions of the Libyan sanctions, as well as the utilization of international diversionary shipping routes to and from Libya. The FAC has continued to work closely with the Departments of State and Justice to identify U.S. persons who enter into contracts or agreements with the Government of Libya, or other third-country parties, to lobby United States Government officials or to engage in public relations work on behalf of the Government of Libya without FAC authorization. In addition, during the period FAC hosted or attended several bilateral and multilateral meetings with foreign sanctions authorities, as well as with private foreign institutions, to consult on issues of mutual interest and to encourage strict adherence to the U.N.-mandated sanctions.

5. The expenses incurred by the Federal Government in the 6-month period from July 7, 1994, through January 6, 1995, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$1.4 million. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

6. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. In adopting

UNSCR 883 in November 1993, the Security Council determined that the continued failure of the Government of Libya to demonstrate by concrete actions its renunciation of terrorism, and in particular its continued failure to respond fully and effectively to the requests and decisions of the Security Council in UNSCRs 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. The United States continues to believe that still stronger international measures than those mandated by UNSCR 883, possibly including a worldwide oil embargo, should be imposed if Libya continues to defy the will of the international community as expressed in UNSCR 731. We remain determined to ensure that the perpetrators of the terrorist acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and other acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

WILLIAM J. CLINTON

The White House,
January 30, 1995.

NOTE: This message was released by the Office of the Press Secretary on January 31.

Remarks to the National Governors' Association Conference *January 31, 1995*

Thank you very much, Governor Dean, Governor Thompson, fellow Governors, and ladies and gentlemen. It's a pleasure for me to be back here. I have enjoyed our visits in this meeting. I was delighted to have you at the White House on Sunday evening, and I have very, very much enjoyed our discussion yesterday, our discussions of welfare reform and a whole range of other issues.

Last year, you may remember, when I was here, Governor Carroll Campbell and I both

lost our voices before our talks, making collectively millions of people in both parties happy. *[Laughter]* Unfortunately for you, I am fully recovered this year, and I would like to begin, if I might, by thanking you for your vote just a few moments ago on the Mexico stabilization package. I want to underline the critical nature of the financial problem in Mexico. All of you understand it, and I applaud your vote across party and especially across regional lines, be-

cause a number of you are not in the moment as directly affected as others are.

This crisis poses, however, great risks to our workers, to our economy, and to the global economy, and it poses these risks now. We must act now. It has gotten worse day by day since I asked for legislative action about 2 weeks ago. Rather than face further delay, I met with the congressional leadership this morning and told them that I will act under my executive authority, and I have asked for their full support. We cannot risk further delay, and I tell you today, frankly, that your strong support is very, very helpful and very welcome.

The situation in Mexico continues to worsen. But the leadership advised me that while they believe Congress will or, at least, might well eventually act, it will not do so immediately. And therefore, it will not do so in time. Because Congress cannot act now, I have worked with other countries to prepare a new package. As proposed now, it will consist of a \$20 billion share from the United States Exchange Stabilization Fund, which we can authorize by executive action without a new act of Congress; \$17.5 billion from the International Monetary Fund; and in addition to that, there will be a short-term lending facility of \$10 billion from the Bank of International Settlements. That means that in the aggregate we will be able to have an action that is potentially even more aggressive than the \$40 billion one I originally proposed, with more of the load being taken by international institutions and our trading partners around the world, which I applaud, but with a significant part of the burden still being borne by the United States.

This is in the interest of America, contrary to what some have said, not because there are large financial interests at stake but because there are thousands of jobs, billions of dollars of American exports at stake, the potential of an even more serious illegal immigration problem, the spread of financial instability to other countries in our hemisphere and indeed to other developing countries throughout the world, and the potential of a more serious narcotics trafficking problem. All these things are at stake in the Mexican crisis, and therefore, I will act to protect our interests. I have asked the bipartisan leadership of Congress to support these actions, and I hope and believe they will at some later point today.

The risks of inaction are greater than the risks of decisive action. Do I know for sure that this action will solve all the problems? I do not. Do I believe it will? I do. Am I virtually certain that if we do nothing, it will get much, much worse in a hurry? I am. This is the right thing to do. You have understood it, and I thank you very, very much for your vote a few moments ago.

Since our first meeting 2 years ago, we have enjoyed unprecedented cooperation, which have included 7 major waivers in the health care reform area and 24 in the welfare reform area, a partnership and a successful fight for the crime bill last year which, as you know, reduces the Federal Government and gives all the money back to State and local communities to fight crime at the grassroots level. We have had innovative and more comprehensive agreements with the States of West Virginia and Indiana in the area of children and families and the remarkable agreement that we signed recently with the State of Oregon and seven of our Cabinet Secretaries, ending Federal micro-management across a whole range of areas in return for the statement by the State of Oregon of clear goals and performance measures for the future.

This is the kind of thing that we need to be doing more of. It is the kind of thing that I believe we are in the process of doing on welfare reform. I was informed of the Speaker's remarks just a few moments before I came here, and I applaud them, and I think we have a real chance now to have a partnership between the White House and the Congress, the Governors, and others who care deeply about this issue.

Our next goal must be to dramatically restructure the relationship between the Federal Government and the States, to create a stronger partnership on behalf of our people that goes to the heart of what I have called the New Covenant of opportunity and responsibility. I believe the Federal Government's job is to expand opportunity and shrink bureaucracy. And therefore, I think it is clearly the thing for us to do to try to shift more responsibility to the States, to the localities, and where appropriate, to the private sector and therefore give you the opportunity to solve problems, working with your people, that have eluded all of us for too long.

The system we inherited was based, fundamentally, on a kind of a benign distrust, from an era when, let's face it, in decades past, States might not have always done what they should have done to protect their citizens. As a Southerner, I can tell you that I don't know what we'd have done if the Federal Government hadn't been willing to take some of the actions that it took in civil rights and in some other areas to help poor children in my State and others.

So we cannot and we need not condemn the past to say that the whole nature and character of State government, the expertise that's there, the knowledge that's there, the connections that are there with volunteer groups, with community groups, with the nonprofit groups, is totally different than it used to be. And the nature of the work to be done and the problems to be solved are different than they used to be. Therefore, the system we have inherited needs a searching re-examination, and where it is yesterday's Government and not tomorrow's, it ought to be changed.

We have tackled this problem with energy and with some success. We have done it with real support from the Cabinet and some opposition from some within the bureaucracy that have been there through Republican and Democratic administrations alike and some in our Congress who have questions about what we are doing.

But I have spent too many years of my life around this table to have forgotten what I learned there. I think I came to this office with a profound understanding of the challenges that you have faced in working with the Federal Government. To build on that understanding is part of the reinventing Government initiative. The Vice President, who came with me here today for this announcement because he's worked so hard to make it possible, has talked literally to thousands of State and local government workers, and they have been among the most helpful in shaping our reinvention blueprint.

The message is loud and clear: They want us to stop the micromanagement, trust them to do their jobs, hold them accountable for results where Federal money and national interests are involved. That's why we wish to create a new Federal Government and a new partnership, based on trust and accountability. You know better than anyone that a great deal of what our National Government does is already

carried out by States, by counties, by cities. That's why we must change the relationship and trust them more. I believe we should ship decisionmaking, responsibility, and resources from bureaucracies in Washington to communities, to States, and where we can, directly to individuals.

Part of my job is to keep pushing the focus of the National Government back to grassroots America, where we can solve so many of our problems more effectively. We have begun that work first by cutting the size of the Federal Government. We have already cut over a quarter of a trillion dollars in spending, more than 300 domestic programs, more than 100,000 positions from the Federal bureaucracy. Those cuts will ultimately total, if no more laws or budgets are passed, more than 270,000, making, when the process is finished, your Federal Government the smallest it has been since the Kennedy administration.

But cutting Government isn't enough. We also have to make it work better, and we've done that too, in many ways. We streamlined the Agriculture Department, closing 1,200 field offices. We've moved FEMA from being a disaster to helping people in disasters. The Department of Transportation worked with private businesses and helped to rebuild southern California's fractured freeways in record time and under budget, also with a partnership from the State, by changing the laws and the procedures and making it work. We've cut an SBA loan form from an inch thick to a single page. We've cut the time it takes to get an FHA loan endorsement from 4 to 6 weeks to 3 to 5 days. We've reformed the procurement system of the Government so that Governments can buy the way businesses do, putting an end to the Vice President's opportunity to go on the Letterman show and break \$10 ashtrays that ought to cost a dollar and a half. [Laughter] We have reformed the college loan system. The direct loan program will literally save the taxpayers billions of dollars, lower interest rates and fees, and improve repayment schedules for students, and lower paperwork, bureaucratic time for our institutions of higher education.

Much of this work is simple common sense. The Bureau of Reclamation used to require 20 people to sign off on building special fish ladders in northern California, taking 3½ years. The fish were dead by then. But at least the ladder was approved. Well, we removed 18 approval layers and cut the time down to 6

months, in time for the fish to spawn, to their great relief. [Laughter] I say this to make the point that a lot of this is common sense and an enormous amount of this still remains to be done.

I suppose I have gotten more comments from you in these last 2 days, pro and con, about the process of Federal regulation than anything else. Some of you have said, "Well, I'm getting better cooperation from the EPA than ever before. Thank you very much." Others have said, "What the policy is sounds good, but there's nothing happening in our State to make it better." And we have a long way to go, but we can do this. And we ought to do it not simply with general rhetoric but also taking these issues one by one by one, until we make it right.

I've asked the Vice President in phase two of his review to continue to shrink Federal departments, and we're making sure that the remaining Government will be more economical, more entrepreneurial, less bureaucratic, and less dictatorial.

A year ago I signed an Executive order to encourage creative partnerships with the private sector in the ownership, financing, and construction of infrastructure, responding to your insistence that you needed the same kind of flexibility the private sector has when you raise funds for major infrastructure projects. Today I'm happy to say that Secretary Pena is announcing a series of 35 new infrastructure projects in 21 States that will mobilize almost \$2 billion in investment capital to build roads, bridges, and other infrastructure, relying on trust and accountability, not rules and bureaucracy.

Tens of thousands of new jobs will be created this year, not by rocket science but by simply adopting the financing techniques the private sector uses all the time. We wouldn't have any of these projects if we followed the old rules and allowed them to get in the way of innovation. In the budget I'm submitting to Congress, I will propose turning this approach into national policy by building performance partnerships with State and local governments. We want to consolidate categorical funding and call on you to take responsibility for meeting the performance standards. Trust and accountability are the foundation of these new partnerships. We have to trust you, our partners, to make the right choices in spending public funds. And even though you'll have more flexibility to solve your

problems, you must be held accountable for how you spend the Federal money.

I'm excited because this approach gives us a new opportunity to work together, to move forward. On Saturday, Governor Engler captivated the Nation by rolling out a list of 335 programs on parchment, sacred programs he wanted to put in the block grant, that he could write on a piece of notepaper. He didn't know it, but next week, we want to announce plans that we've worked on for months to consolidate 271 programs into 27 performance partnerships. And a lot of those were on Governor Engler's list. I'd like to help him cut it shorter. [Applause] Thank you.

One of those I've already announced is the new performance partnership for education and job training, part of our middle class bill of rights. We propose to collapse 70 separate programs to make them more efficient and effective, a "GI bill" for America's workers, who need new skills to meet the demands of changing times. State and local governments will have broad flexibility to help meet those needs, but we propose not just to give this money back to State training programs but instead to let the workers themselves get a voucher and choose where they want to go. Almost every American is now within driving distance of a community college or some other kind of high training program with a proven rate of success far better than anything we need to design. So we ought to put more power not only back to the local level but also directly into the hands of citizens for the purposes that are plainly in the national interest.

In public health, we want to consolidate 108 programs into 16 performance partnerships, to abolish a dozen environmental grants and give you more power to achieve environmental goals. And I guess in parenthesis, I thank Governor Carper for his repeated lectures to me on that subject, citing the Delaware example. We want to continue to combine the 60 HUD programs into 3. The Federal Government has worked in one way for decades. Now it is time to try a new way, a way that is proven in its performance in the private sector. It's time for these and other changes, and many of them are drawn directly from your own experience in your own laboratories of democracy.

When our country was founded, the Founders rejected Government based on central control and distrust of people. Our Constitution pro-

vides a few profound guiding principles. It puts deep trust in the American people to use their common sense to create a shared vision, not a centralized vision, and to give life to those ideals. We have to take advantage of this rare moment to renew that idea, to reshape the relationship between the National Government and the States. The American people have voted twice in the last two elections for dramatic change in the way our country works. They want more for their money: better schools, safer streets, better roads, a clean environment. But they want a greater say in how this work is done, and they don't want the Federal Government to do what can better be done by private citizens themselves or by government that is closer to them.

They also have a deep feeling about our national commitment and our national responsibil-

ities and our national interest, the things like the welfare of our children, the future of our economy, our obligations to our seniors. They know that we can meet these national obligations and pursue our national interest with a dramatic devolution of power and responsibility and opportunity to the State governments of this land. I look forward to making all this happen with you.

Thank you very much.

NOTE: The President spoke at 11:15 a.m. at the J.W. Marriot Hotel. In his remarks, he referred to Governors Howard Dean of Vermont, Tommy G. Thompson of Wisconsin, Carroll W. Campbell of South Carolina, John Engler of Michigan, and Tom Carper of Delaware.

Statement With Congressional Leaders on Financial Assistance to Mexico *January 31, 1995*

We agree that, in order to ensure orderly exchange arrangements and a stable system of exchange rates, the United States should immediately use the Exchange Stabilization Fund (ESF) to provide appropriate financial assistance for Mexico. We further agree that under Title 31 of the United States Code, Section 5302, the President has full authority to provide this assistance. Because the situation in Mexico raises unique and emergency circumstances, the required assistance to be extended will be available for a period of more than 6 months in any 12-month period.

The United States will impose strict conditions on the assistance it provides with the goal of ensuring that this package imposes no cost on U.S. taxpayers. We are pleased that other nations have agreed to increase their support. Specifically, the International Monetary Fund today agreed to increase its participation by \$10 billion for a total of \$17.8 billion. In addition, central banks of a number of industrial countries

through the Bank for International Settlements have increased their participation by \$5 billion for a total of \$10 billion.

We must act now in order to protect American jobs, prevent an increased flow of illegal immigrants across our borders, ensure stability in this hemisphere, and encourage reform in emerging markets around the world.

This is an important undertaking, and we believe that the risks of inaction vastly exceed any risks associated with this action. We fully support this effort, and we will work to ensure that its purposes are met.

We have agreed to act today.

NOTE: The statement was announced jointly with Newt Gingrich, Speaker of the House of Representatives; Bob Dole, Senate majority leader; Thomas Daschle, Senate minority leader; Richard Arney, House majority leader; and Richard Gephardt, House minority leader.